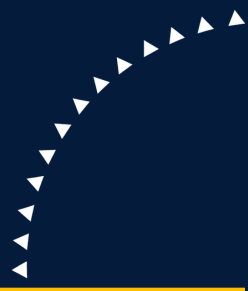


JUNE 2021

NATIONAL CONSULTING INDEX -

2020 SPECIAL COVID-19 EDITION

ICMCI
NATIONAL
CONSULTING
INDEX
GLOBAL
REPORT



CMC - GLOBAL

INTRODUCTION & BACKGROUND

At ICMCI, we believe that the profession of Management Consulting (MC) contributes to the social and economic progress in a country. At the same time, its own development and growth are dependent on the conditions existing in that country. Understanding and evaluating this multi-layered relationship would help in determining the strength of the national Management Consulting sector and discover new pathways to drive it forward for the benefit of the society.

The ICMCI focused on these themes in its first National Consulting Index Global Report published in June 2020. The ICMCI's community of Academic Fellows defined a set of five elements describing the environment of the management consulting industry globally. These combined elements of societal individualism, the ability to trade openly/freely, the degree to which public services embraces the digital agenda, ingredients around human creativity and the quality of human capital, societal tolerance and the absence or otherwise of corruption.

Then, a National Consulting Index (NCI) was created, which is indicative of the readiness of an economy for the emergence of management consulting as a profession. The NCI also made it possible to estimate the size (USD value) of the MC market in any country in the world.

The COVID-19 crisis has had an overwhelming impact on the society causing political, economic, and social disruptions. "Business as usual" is no longer an option and leaders are searching for ways to shape the post-COVID reset and recovery.

Under the circumstances, it was not possible to build on the 2020 NCI as it was. The situation called for a different approach.

While exploring an alternative route, we leveraged on ICMCI's strengths and turned to our global network of Institutes of Management Consulting (IMCs).

APPROACH & METHODOLOGY

In March and April 2021, ICMCI carried out a survey among its member institutes to identify the trends in the value of their own country's management consulting market. The survey also took a snapshot of the IMCs' perceptions of the factors impacting the consulting industry in the COVID-19 pandemic situation.

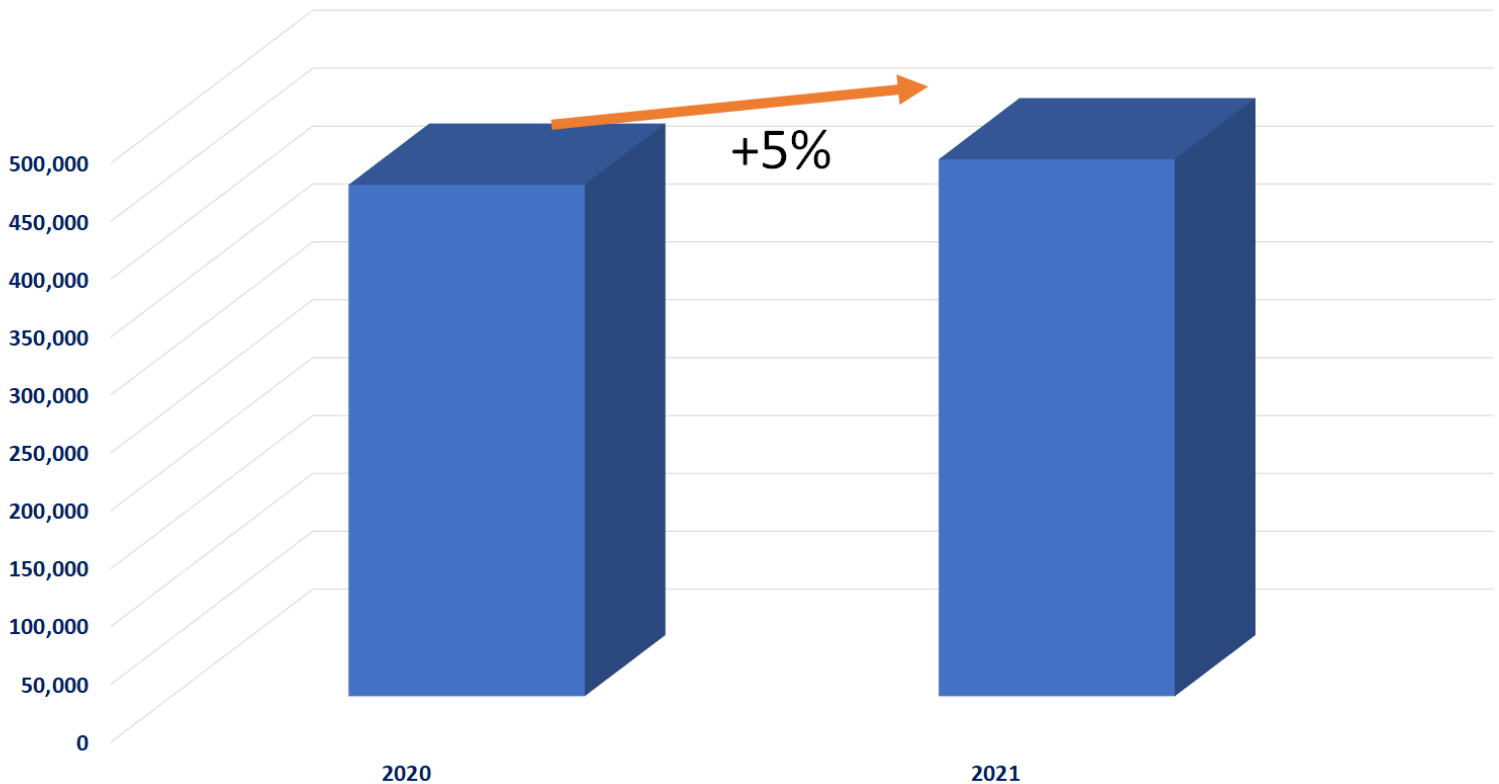
The results are a mixture of quantitative and textual data in response to the following questions:

- What is your estimate of the size (US Dollars) of your country's management consulting sector in 2020?
- What is your prediction of the size (US Dollars) of your country's management consulting sector in 2021?
- What is the reason for any changes in market size between 2020 and 2021?

Using the KPI figure provided in last year's study for the estimated size of the Management Consulting market as of June 2020, based on which we calculated the estimated size of the Management Consulting market per country for 2020, we were able to compare to the estimates provided as of June 2021. This led us to an assessment of the change in the market size. The data analysis was then taken to the next level creating valuable insights into the current status per country and hub, the major developments and outlook for the Management Consulting market globally.

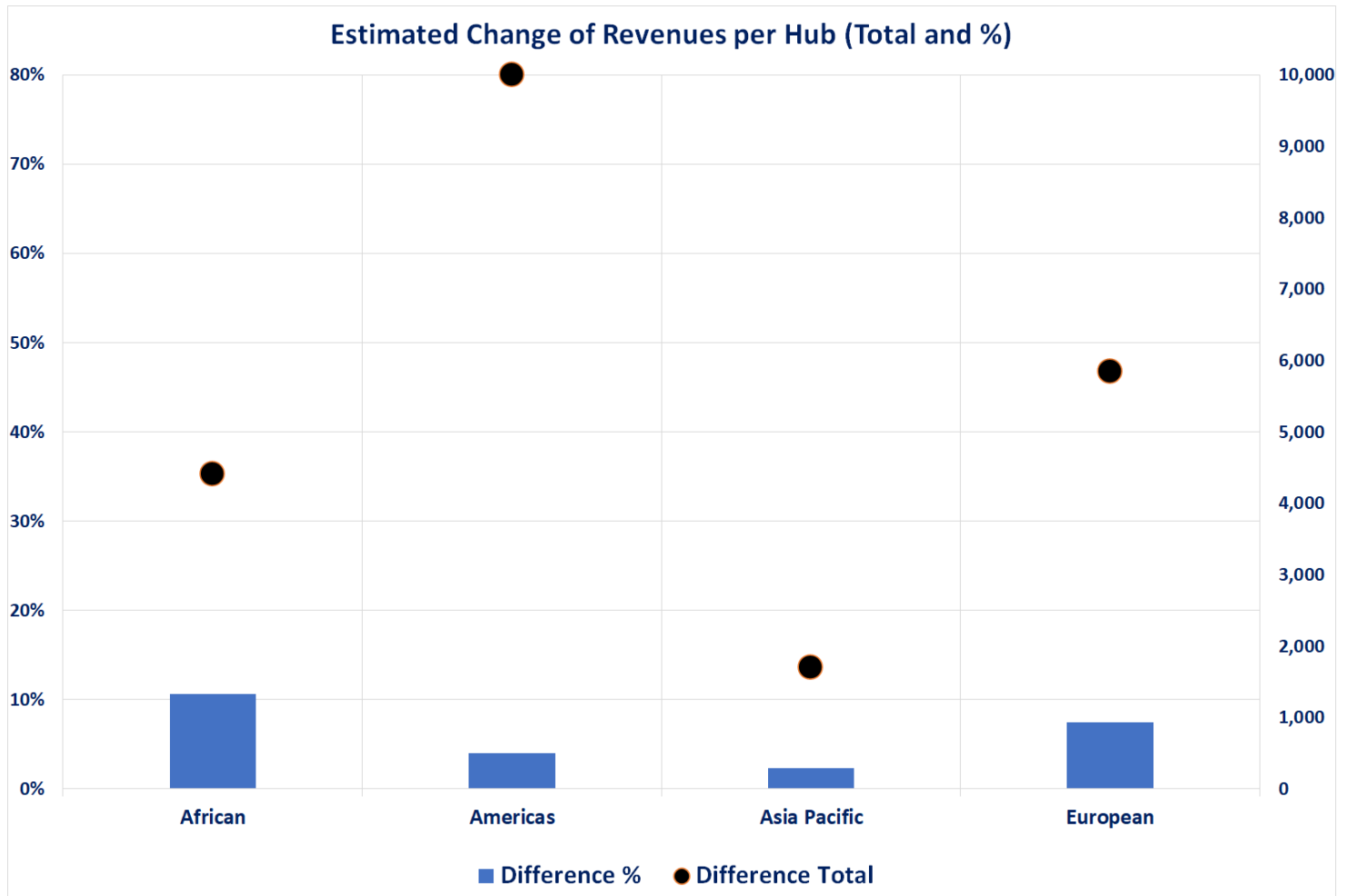
THE PREDICTED GLOBAL GROWTH

Predicted growth of management consulting revenues in ICMCI member countries
(as per 35 responding Institutes)



- 35 responding IMCs
- Variance from -60% to +42,9%
- Revenues in USD Million as reported by IMCs
- The definition of revenues may not be compatible with the previous NCI definition in all cases.

THE PREDICTED GROWTH PER HUB



- 35 responding IMCs
- Americas hub: USA only
- Total in Million USD

Responding IMCs per hub:

AFRICAN HUB: Algeria, Nigeria, South Africa, Zimbabwe.

AMERICAN HUB: United States of America.

ASIA PACIFIC HUB: Armenia, Australia, Bangladesh, China, India, Japan, Mongolia, Philippines, Singapore, South Korea, Thailand.

EUROPEAN HUB: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Hungary, Ireland, Italy, Jordan, Kosovo, Lebanon, Palestine, Romania, Russia, Serbia, Ukraine, United Kingdom.

FINDINGS

The COVID-19 pandemic has acted as a setback for the management consulting market in 2020; lockdowns imposed by governments globally, along with restricted trade, have limited the need for professional services. However, it is expected that the management consulting market will recover from this shock since it is more of a 'black swan' event and not related to ongoing or fundamental weaknesses in the market or the global economy.

While still overshadowed by the pandemic, there seems to be a positive outlook developing as a result of the ongoing lifting of lockdown measures. At the same time, globalization continues to be a major driver for management consulting. Many clients of the management consulting market are expanding globally and thus require more sophisticated and internationally-oriented services. Furthermore, globalization in the management consulting industry is gaining momentum due to rapid growth in internet, automation of consultancy processes and developments in data security. In response to this, many domestic management consultancies have entered into new markets, collaborating with foreign groups to offer services in a wider range of countries.

We are witnessing positive sentiments and results in many of the surveyed markets where the pandemic situation is under control. Due to changes in demand with more focus on digitization, supply chain improvements, management consulting in markets such as Armenia, Finland, Germany, Hungary, Italy, Ireland, Japan, Kosovo, Russia, Serbia, Singapore, Taiwan, and USA are recovering and growing, at a slow pace in some cases. The gradual growth is also a result of larger donor funding in Palestine and Lebanon for instance, and a result of government recovery plans that are underway in many cases such as in Italy.

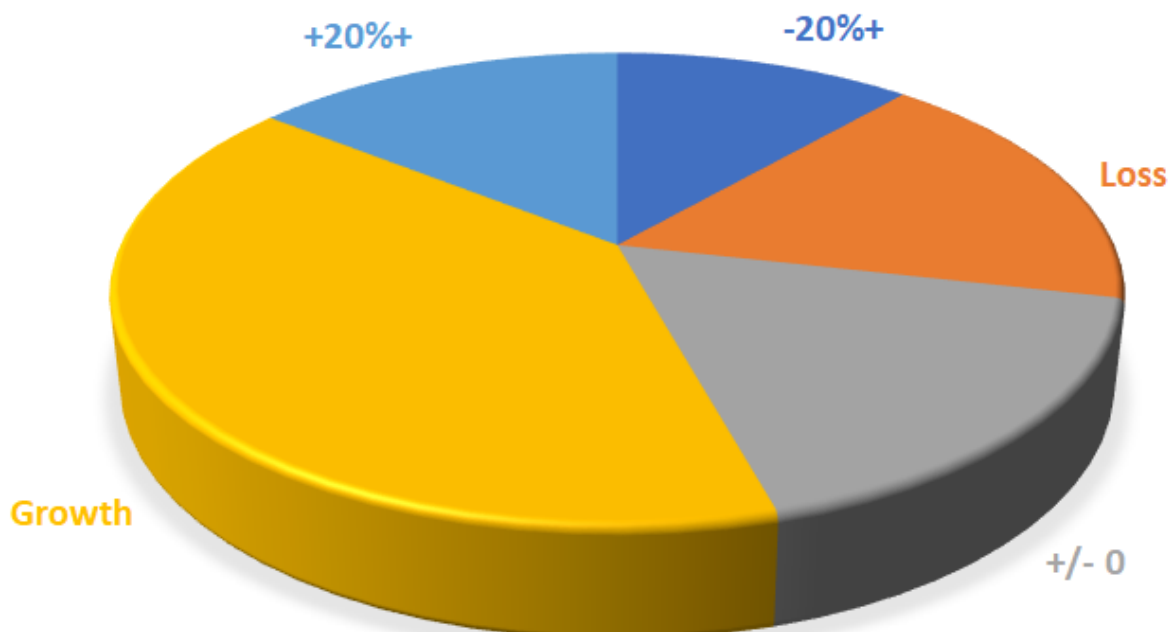
At the same time, management consulting in several markets is expected to continue to struggle throughout 2021 such as the case of Australia, Bangladesh, Brazil, Bulgaria, Croatia, Cyprus, Denmark, India, Jordan, Mongolia, Nigeria, Philippines, Romania, South Africa, and Zimbabwe, where public spending has declined, large donor-funded support programs are still on hold, or recovery plans have not kicked in yet.

FINDINGS

Summary

- In the 2021 NCI survey, data from 35 countries within the ICMCI were gathered. Collectively, these countries were predicting a 5% increase over the previous year (2020).
- Seventeen of these 35 countries were anticipating a rise in their national management consulting market from 2020 to 2021, with Armenia, Ireland, the Lebanon and Palestine posting market growth expectations of at least 20%. Twelve of the 35 countries were anticipating a fall in their national management consulting market from 2020 to 2021, with Bangladesh, Mongolia, and Philippines posting market fall expectations of at least 20%. Five ICMCI countries were expecting no change in their national management consulting markets from 2020 to 2021.
- In terms of those countries with large (\$10bn+) national management consulting sectors who reported data China, Germany, South Africa, UK and USA were expecting a rise in their national market from 2020 to 2021. Australia was expecting a small reduction from 2020 to 2021.

GROUPING BY GROWTH / LOSS



CONCLUSIONS

- Larger national management consulting markets are more positive about immediate future prospects post pandemic.
- There is great variability about future management consulting market prospects post pandemic among those countries with smaller management consulting markets. This is slightly different to the NCI comment (a country's overall management consulting market is a function of NCI and GDP).

A sincere thank you to the NCI taskforce for their time and commitment.

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